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Canada

Wine

Canadian Taste for Imported Beer, Wine and Spirits Growing 2001

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Report Highlights:

In 1999/2000, sales of beer, wine and spirits by Canadian liquor authorities, wineries and breweries totaled C\$13.0 billion, up 5.2% from 1998/99. Beer was still the most popular of the three types of alcoholic beverages, capturing 51.6% of sales; spirits and wine accounted for 25.9% and 22.5%, respectively. In 1999/2000, imported beers increased their market share by 25% to capture 8.9% of the beer market in Canada. This gain signifies a sixth straight year of declining market share for domestic beer products.

Includes PSD changes: No
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STATISTICS CANADA ISSUES REPORT ON CONTROL AND SALE OF ALCOHOLIC BEVERAGES 1999/2000

The following is based on a July 5 Statistics Canada report from *The Daily*. Please note that all values are in Canadian dollar currency unless otherwise noted.

While beer lovers are developing a growing taste for the imported product, domestic beer is still the first choice of Canadians among all categories of alcoholic beverages.

In 1999/2000, sales of beer, wine and spirits by liquor authorities, wineries and breweries totaled \$13.0 billion, up 5.2% from 1998/99. Beer was still the most popular of the three types of alcoholic beverages, capturing 51.6% of sales; spirits and wine accounted for 25.9% and 22.5%, respectively.

More than 2.5 billion litres of alcoholic beverages were purchased in 1999/2000; by volume, the proportions were 82.6% beer, 11.3% wine and 6.1% spirits.

Net income of liquor authorities and revenue from the control of alcoholic beverages by provincial and territorial governments rose 3.5% to \$3.7 billion for the 1999/2000 fiscal year. Of that amount, \$3.0 billion came from sales by liquor authorities, while the remaining \$0.7 billion came from the control revenue, mainly from the sale of permits and licenses.

Market Share for Imported Beer up Sharply

In 1999/2000, imported beers increased their market share by 25% to capture 8.9% of the beer market in Canada. This gain meant a sixth straight year of declining market share for domestic beer products.

By volume, sales of imported beer increased 21.0% to 150.2 million litres. This represented sales of \$597.5 million, up 29.2%.

Total beer sales were \$6.7 billion in 1999/2000, up 3.4% from 1998/99. By volume, 2.1 billion litres were sold, up 1.4%.

Red Wine Increasingly in Demand

Consumers bought 287.6 million litres of wine in 1999/2000, up 5.5% from 1998/99. These sales amounted to just over \$2.9 billion, an increase of 11.1% over the previous year.

Wine lovers continued to switch from white to red. Red wine sales by volume climbed 13.8% compared with 1998/99, marking a seventh consecutive year of double-digit growth. As a result, in 1999/2000 red wine's market share by volume rose to 49% compared with 51% for white wine, an increase of 4.1% from 1998/99.

Quebec alone accounted for 41.7% of Canada's red wine sales by volume, followed by Ontario (32.6%) and British Columbia (13.6%). Ontario led white wine sales with 41.1%, followed by Quebec (28.6%) and British Columbia (13.5%).

The strongest increases in red wine sales volume were observed in Ontario (+17.3%), Nova Scotia (+15.8%), Prince Edward Island (+14.9%) and Quebec (+14.6%). For white wine, the largest sales gains were in Newfoundland (+12.6%), New Brunswick (+10.6%), Ontario (+9.1%) and Manitoba (+7.4%).

Sales of other types of wines, such as sparkling and fortified wines and aperitifs, declined 8.3% in 1999/2000.

Continued Growing Demand for Imported Wines

Imported wines continued to dominate the Canadian market, despite prices rising by 21.1% since 1995/96. Just over 62% of the volume of white and red wines purchased in Canada is imported, but 70% of red wine comes from abroad.

Backed by sustained demand and rising prices, sales of imported wine rose sharply (+14.0%) in 1999/2000 to \$2.0 billion, almost three times the growth rate for Canadian wine, whose sales rose 5.4% to \$0.9 billion.

More than 161.4 million litres of imported wine were sold in 1999/2000, up 7.5% from 1998/99. Sales of Canadian wine grew 3.2% to 126.2 million litres.

Coolers Still Popular

Sales of spirit- and wine-based coolers totaled \$225.1 million in 1999/2000, up 8.1% from 1998/99. Of the 41 million litres of these types of coolers sold, 67.0% was spirit-based.

In 1999/2000, the volume of spirit-based cooler sales rose 10.4%; sales of wine-based coolers rose 6.9%. Almost all coolers (95.5%) were produced in Canada, accounting for 6.7% of domestic spirit revenues and 6.4% of wine revenues in 1999/2000.

Ontario consumers purchased 46.7% of the wine- and spirit-based coolers sold in Canada, followed by those in Alberta (18.1%), British Columbia (16.2%), New Brunswick (3.8%) and Saskatchewan (3.3%).

Another Good Year for Sales of Imported Spirits

The volume of spirit sales rose 5.3% to 155.4 million litres in 1999/2000. These sales were worth \$3.4 billion, up 4.1% from 1998/99.

While domestic producers dominated the spirits market, the sales volume of imported spirits increased 10.1% to 40.1 million litres, while sales of Canadian spirits rose 3.7% to 115.4 million litres. In dollar terms, sales of imported spirits grew 8.9% to \$1.1 billion in 1999/2000, a much

larger increase than that of Canadian spirits (+1.9%).

The largest increases in the value of spirit sales in 1999/2000 were in Ontario (+5.9%), Prince Edward Island (+5.3%), Nova Scotia (+5.2) and New Brunswick (+4.5%). Among imported products, Canadians tended to favor liqueurs, while their domestic preference was whisky, followed by rum and vodka.

Per-capita Sales up for Third Straight Year

Per-capita sales of alcoholic beverages increased for the third straight year. Each person aged 15 and over bought an average of 103.6 litres of alcoholic beverages in 1999/2000, compared with 102.6 litres the year before. On average, each person bought 6.3 litres of spirits, 11.7 litres of wine and 85.6 litres of beer.

There were notable regional differences in sales of the three types of alcoholic beverages. In 1999/2000, Quebec consumers bought 41.7% of all the red wine sold in Canada, which represented 8.3 litres per person. Quebec also posted the highest per-capita sales of white wine, 5.9 litres. Newfoundland recorded the lowest per-capita wine volumes: 1.2 litres for red wine and 2.0 litres for white wine. Per-capita sales of domestic beer were highest in Yukon (144.1 litres), while per-capita sales of imported beer were highest in Alberta (8.95 litres).

Table 1
Per-Capita Volume Sales of Alcoholic Beverages Fiscal year Ended March 31, 2001

	Spirits	Wines (litres)	Beer	Total
Canada	6.3	11.7	85.5	103.5
Newfoundland	7.3	4.7	93.6	105.6
Prince Edward Island	7.5	6.3	77.3	91.1
Nova Scotia	7.8	7.3	79.5	94.6
New Brunswick	6	6.5	80.5	93
Quebec	2.7	15.3	95.3	113.3
Ontario	7.4	10.6	83.2	101.2
Manitoba	8.5	7.7	76.2	92.4
Saskatchewan	8.2	4.8	74.7	87.7
Alberta	7.9	12.1	89.6	109.6
British Columbia	7.3	13.9	77.8	99
Yukon	12.5	17.4	146.7	176.6
Northwest Territories and Nunavut	9.5	7.4	79.5	96.4

Yukon ranked first in per-capita sales of liqueurs (1.3 litres) and overall spirit sales (12.5 litres).

The Northwest Territories and Nunavut combined recorded the highest per-capita rate for vodka (2.7 litres) and Manitoba had the highest the strongest per-capita whisky sales (3.1 litres). Newfoundland ranked first in per-capita sales of rum (3.8 litres), and Quebec led for gin (0.4 litres) and brandy (0.3 litres).

Increased Revenue from the Control and Sale of Alcoholic Beverages

From 1994/95 to 1999/2000, governments collected more than \$21 billion dollars from the control and sale of alcoholic beverages, a rise of 16.5%. Quebec posted the largest increase, 29.6%, while Yukon recorded a decrease of 27.8%.

Table 2
Sales of Alcoholic Beverages Fiscal Year Ended March 31, 2000

	Spirits	Wines	Beer	Total	Spirits	Wines	Beer	Total
	(\$ millions)				(million litres)			
1990/91	3,094	1,769	5,231	10,094	145	236	2,082	2,463
1992/92	3,059	1,805	5,430	10,294	137	231	2,045	2,413
1992/93	3,006	1,863	5,556	10,425	129	229	1,973	2,331
1993/94	2,985	1,902	5,432	10,319	127	226	1,986	2,339
1994/95	2,942	1,950	5,507	10,399	127	232	2,015	2,374
1995/96	2,940	2,076	5,640	10,655	128	240	2,033	2,401
1996/97	2,989	2,251	5,743	10,982	130	253	2,003	2,385
1997/98	3,098	2,411	6,204	11,714	138	260	2,033	2,431
1998/99	3,236	2,638	6,501	12,375	148	273	2,074	2,494
1999/2000	3,367	2,931	6,723	13,022	155	288	2,103	2,546

Notice:

According to Statistics Canada, statistics on sales of alcoholic beverages by volume should not be equated with data on consumption. Sales volumes include sales by liquor authorities and their agents, and sales by wineries and breweries and their outlets that operate under license from the liquor authorities. Consumption of alcoholic beverages includes all these sales plus homemade wine and beer, wine and beer manufactured in brew-on-premises operations, all sales to Canadian residents in duty-free shops and any unrecorded transactions.

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